88-1922

MAY 30 1989
JOSEPH F. SPANIOL, JR.
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No. _____

In the Supreme Court of the United States

SCHERING CORPORATION,

Petitioner,

vs.

OPTICAL RADIATION CORPORATION,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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QUESTIONS PRESENTED

This petition presents the following questions:

1. Does not the decision of the Federal Circuit, by engaging in fact finding to provide an unsupported and critical fact, conflict directly with the pronouncements of this Court in *Icicle Seafoods, Inc. v. Worthington*, 475 U.S. 709, 106 S.Ct. 1527 (1986), that appellate courts should not engage in fact finding, particularly where the finding is crucial to support a combination of prior art in determining obviousness under 35 U.S.C. §103?

In the resolution of this first question, the Court will be presented with the subsidiary question:

Does not the decision of the Federal Circuit conflict directly with the pronouncements of this Court in *Graham v. John Deere Co.*, 383 U.S. 1 (1966) because it sanctions the district court's use of an improperly created "syllogism" test which fails to consider the claimed subject matter as a whole as required by this Court?

2. Does not the decision of the Federal Circuit sanction the district court's failure to consider admittedly highly probative objective evidence of non-obviousness (i.e., secondary considerations) in violation of the standards established by this Court in *Graham v. John Deere Co.*, 383 U.S. 1 (1966)?

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RULE 28.1 STATEMENT

Petitioner, Schering Corporation, has two publicly held affiliates:

(1) Schering-Plough Corporation, a New Jersey corporation; (2) Fulford (India) Limited, a corporation of India.

In the
Supreme Court
of the United States

SCHERING CORPORATION,

Petitioner,

vs.

OPTICAL RADIATION CORPORATION,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Petitioner respectfully prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Federal Circuit in its cause No. 88-1227-1267. The judgment was entered on January 27, 1989. Rehearing was denied on February 28, 1989.

OPINIONS BELOW

The unpublished opinion of the Court of Appeals is reprinted in the appendix to this petition commencing at page A1. The district court's decision and amendments thereto are printed in the appendix to this petition, commencing at pages A13 and A26, respectively. The district court's opinion was also not published.

JURISDICTION

The judgment of which review by this Court is sought was entered on January 27, 1989, and rehearing was denied on February 28, 1989. This Court has jurisdiction by virtue of 28 U.S.C. §1254(1).

THE CONSTITUTIONAL PROVISIONS, STATUTES AND RULES INVOLVED

U.S. Constitution, Amendment V

"No person shall . . . be deprived of life, liberty or property, without due process of law . . . ."

35 U.S.C. §103

Conditions for Patentability; Non-obvious Subject Matter

"A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made . . . ."

Federal Rules of Civil Procedure

Rule 52(a)

(a) Effect. In all actions tried upon the facts without a jury, the court shall find the facts specially and state separately its conclusions of law thereon, and judgment shall be entered pursuant to Rule 58; and in gaining or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of review. Findings of fact, whether based on oral or documentary evidence, shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court. It will be sufficient if the findings of fact and conclusions of law are stated orally and recorded in open court following the close of the evidence or appear in an opinion or memorandum of decision filed by the court. Findings of fact and conclusions of law are unnecessary on decisions of motions under Rule 12 or 56 or any other motion except as provided in Rule 41(b).

STATEMENT OF THE CASE

On April 6, 1984, Schering Corporation (Schering) sued Optical Radiation Corporation (ORC) in the U.S. District Court for the Central District of California for infringement of U.S. Patent No. 4,390,676 (Loshaek '676 patent). The claims of the Loshaek '676 patent cover the incorporation of polymerizable ultraviolet light (UV) absorbing additives into the plastic materials used in making hard and soft contact or intraocular lenses. The lawsuit arose from Schering's contention that ORC's manufacture and sale of its UV 400 intraocular lens (IOL) constituted infringement.

Since the early 1980's, IOL's have revolutionized the treatment of cataracts in the United States. UV absorbing additives are added to the IOL to provide protection from harmful UV radiation. The use of a polymerizable UV absorber in accordance with the Loshaek '676 patent was an important development in the safety of such lenses because it eliminated concerns over the possibility of leaching of the UV absorber from the lens and resulting damage to the patient.

A court trial was held lasting from June 30, 1987 until July 21, 1987. The court refused to hear testimony from patent experts presented by both Schering and ORC. On August 10, 1987, a final judgment [A33] was entered holding that claim 1 of the Loshaek '676 patent was invalid for obviousness pursuant to 35 U.S.C. §103. A Memorandum of Decision [A13] and Amendment [A26] thereto contain the district court's decision and, as stated by the court, is limited to advising counsel of the court's rationale in arriving at its conclusions [A13]. The parties submitted

proposed findings of fact and conclusions of law prior to trial. However, the court did not request nor prepare any findings of fact or conclusions of law in connection with its final decision. Instead, it stated: "Being fully mindful of counsel's familiarity with the facts and the issues here involved and their abilities to present such matters to higher authority, my discussion will be considerably abbreviated" [A13].

In its analysis of obviousness under 35 U.S.C. §103, the district court set forth the differences between the claimed subject matter and the prior art as follows:

> "The differences were twofold. First, the prior art used a nonpolymerizable UV absorber, Uvinul D-49, in a lens for aphakics, as shown by the UVC lens; the UV absorber disclosed by the subject patent is Permasorb-MA, which is polymerizable but was not on the market at the time that the UVC lens was developed. Second, the prior art included the use of a polymerizable UV absorber in plastic articles in order to minimize or avoid migration or leaching (National Starch patent No. '893 and the Fertig article). However, such use had not yet extended to plastic lenses for aphakics.

I believe that the foregoing establishes the following syllogism:

> (1) The leaching of a nonpolymerizable UV absorber, such as Uvinal D-49, from plastic material is minimal and therefore such an absorber is satisfactory for incorporation into a lens for aphakics.

(2) A polymerizable UV absorber, such as Permasorb-MA, which is as nontoxic as Uvinal D-49, leaches even less or not at all.

(3) Therefore, it is obvious that such a polymerizable UV absorber can properly by used in the manufacture of a lens for aphakics.

The situation here concerned is somewhat analogous to the case of *Mandel Brothers v. Wallace*, 335 U.S. 291 (1948). There, a patent involving the use of urea in an antiperspirant to reduce corrosion that rotted clothing was held invalid, the Court pointing out that it was well known that urea had otherwise been utilized as a corrosion inhibitor. It is of course true, as the plaintiff points out, that the use of a substance in a lens to be placed on or within the eye is much different than incorporating the same substance into a food wrapper. But I believe that, even with the considerations that must carefully be taken into account, the above syllogism is valid. I cannot conclude that the Patent Office would have allowed this patent if it had been aware of the UVC lens, the National Starch patent '893 and the Fertig article." [A19-A20]

The district court's above analysis shows that the prior art included two different lines of endeavor, i.e., non-analogous art relating to the chemistry of plastics, on one hand, as opposed to ophthalmology, on the other hand. In order to combine the prior art to find obviousness, the district court resorted to a simple syllogism which limited the claimed invention to lenses

made from hard plastic and compared only the relative leaching characteristics of nonpolymerizable and polymerizable UV absorbers in such *hard* plastic lenses. However, the claimed invention as a whole not only covers lenses made from hard plastic, but also covers lenses made from *soft* plastics.

Nonpolymerizable UV absorbers can be used successfully in hard lenses, as demonstrated by the prior art UVC lenses. However, these absorbers cannot be used in soft lenses because they leach rapidly from the soft plastic. Only polymerizable UV absorbers in accordance with the Loshaek '676 patent can be used in such soft lenses. This clearly demonstrates that nonpolymerizable and polymerizable UV absorbers are significantly different. By limiting its syllogism to a comparison of leaching characteristics in only hard lenses, the district court improperly limited and over simplified the invention as claimed. As a result, the substantial differences between nonpolymerizable and polymerizable UV absorbers were ignored in determining obviousness under 35 U.S.C. §103.

Schering appealed to the Federal Circuit for review of the district court's improper limitation of the claimed invention to only hard plastic lenses and the use of an oversimplified syllogism test to reach a conclusion of obviousness. The Federal Circuit decision was split on this issue. The dissent of Senior Circuit Judge Nichols recognized that the district court had "simply invented a fictitious super scientist" to combine the two lines of nonanalogous prior art [A12]. The majority opinion also recognized that there were two lines of nonanalogous prior art. However, instead of providing guidance as to whether the district court's

use of an oversimplified syllogism was proper, the majority opinion, *sua sponte*, engaged in fact finding to support its own determination of obviousness. The majority opinion stated:

> "The Fertig references do not specifically single out an ophthalmic lens as the plastic body for which the absorber copolymerization technique could be used. But since a UV absorber leaching problem was known to exist for plastic lenses using "unbound" nonpolymerized absorbers, one having ordinary skill in the art certainly would have realized, upon review of Fertig's technique, that this method could also be applied to ophthalmic lenses to prevent leaching of the UV absorber into the eye." [A3].

Nowhere in the record or in the district court's opinion is there any factual finding that a "leaching problem" was known to exist for plastic lenses. To the contrary, the district court's syllogism is based on an assumption that nonpolymerizable UV absorber leaching from hard plastic lenses is minimal [A19]. This assumption is supported by the previous sales of over 10,000 prior art UVC lenses which were acknowledged by ORC to be considered safe and stable.

The above unsupported fact finding engaged in by the majority is a critical error because it not only improperly substitutes the appellate court's factual findings for those of the district court, but also avoids addressing the serious legal error committed by the district court in ignoring the claimed invention as a whole (i.e., polymerizable UV absorber in both hard

and soft lens) and basing its obviousness determination on an oversimplified "syllogism" test.

In addition, this case is extremely unusual and unique in that ORC — not knowing of the Loshaek '676 patent — filed a patent application ten (10) years after the Loshaek '676 patent application which claimed *exactly* the same invention. The following statement by the district court shows a clear finding of the importance of ORC's patent application and a legal error in removing it from consideration. The district court stated:

> "If the only relevant considerations were the relationships between these two parties, I would be inclined to conclude that the defendant's conduct has estopped it to deny the validity of plaintiff's patent. However, in *Lear v. Adkins*, 395 U.S. 653 (1969), the court refused to allow such an estoppel to be imposed upon the licensee of a patent in an infringement action brought by the licensor. The reasoning of the opinion is clearly applicable to the present situation . . . ." [A22].

A major issue raised by Schering on appeal was whether the district court's failure to consider ORC's patent application as an admittedly highly persuasive secondary consideration was a legal error based on a misinterpretation and misapplication of *Lear* to the obviousness determination under 35 U.S.C. §103. The majority opinion made no mention of this major question in its decision and therefor has sanctioned the district court's improper reliance on *Lear* to discard or

lessen the weight to be given extremely probative objective evidence of obviousness.

REASONS FOR GRANTING THE WRIT

The district court's decision on obviousness cries out for guidance. Its obviousness analysis is riddled with inconsistent and erroneous applications of law. These errors include an improper limitation of the scope of the claimed invention as a whole to hard plastic lenses (ignores soft lenses) and a reduction of the test for obviousness to a simple syllogism supported by this Court's *1948* decision in *Mandel Brothers v. Wallace*, 335 U.S. 291 (1948) which was prior to the 1952 patent act and this Court's seminal analysis of the obviousness determination in *Graham v. Deere*, 383 U.S. 1 (1966)

Instead of providing needed legal guidance to the district court, the Federal Circuit's majority opinion further confuses the situation by making its *own unsupported and impermissible factual findings* which are used as a critical link to support the majority's own conclusion of obviousness. The strong dissent of Judge Nichols' correctly recognizes that — without the improper critical factual link provided by the majority — it would take a "*super scientist*" to make the claimed invention. The majority's own finding of facts critical to the obvious determination is not only unsupported, but is contrary to the record and uncontested findings of the district court.

In addition, this case is unusual in that the most probative secondary considerations demonstrating nonobviousness involve a patent application filed by the defendant claiming the patented invention. The

district court recognized the extreme importance of the defendant's conduct as secondary considerations of nonobviousness. However, the district court relied on a confusing theory involving an unjustified extension of *Lear v. Adkins* to remove these highly probative secondary considerations from its obviousness determination. The majority opinion condones the district court's intentional failure to consider these secondary considerations. The majority's approval of such an arbitrary and intentional failure to consider these important secondary considerations is contrary to established legal precedent of this Court that secondary considerations *must* be considered en route to a determination of obviousness.

The majority opinion's improper engaging in fact finding to provide unsupported facts critical to the determination of obviousness requires that this Court exercise its power of supervision to correct this serious error. In addition, the majority opinion sanctioning the misapplication of *Lear* to the analysis of objective evidence in determining obviousness must be corrected.

I. THE FEDERAL CIRCUIT ENGAGED IN IMPROPER FACT FINDING IN ORDER TO REACH A DECISION OF OBVIOUSNESS UNDER 35 U.S.C. §103

F.R.Civ.P. 52(a) requires that findings of fact made by the district court, "shall not be set aside unless clearly erroneous". In addition, this Court has clearly held that an appellate court must *not* make its own findings. *Icicle Seafoods, Inc. v. Worthington*, 475 U.S. 709, 106 S.Ct. 1527, 1530 (1986); *Panduit Corp. v. Dennison Manufacturing Co.*, 475 U.S. 809, *on remand*,

810 F.2d 1561, 1565, 1 U.S.P.Q. 2d 1593, 1595 (Fed. Cir. 1986).

The majority opinion violates the above legal precedent by makings its *own* factual finding with respect to the prior art and substituting its finding for that of the district court. As previously discussed, the majority's finding is contrary to the record and the express findings of the district court. The majority's improper finding is extremely critical because it is used by the majority as the reason for combining non-analogous prior art references to reach a decision of obviousness.

The invention claimed in the Loshaek '676 patent (Loshaek '676) is the incorporation of a copolymerizable ultraviolet light (UV) absorber into either *hard* or *soft* lenses which are used in contact with a patient's eye to correct aphakia. The prior art considered by the district court and the appellate panel includes two different lines of endeavor, i.e., non-analogous art. One line includes hard plastic contact lenses used to correct aphakia which contain a non-polymerizable (unbound) UV absorber. The other line involves newly developed *copolymerizable* (bound) UV absorbers which had been suggested for use only in a variety of *non-medical, non-lens* plastic articles such as bread wrappers, roofing and boats. Soft plastics of the type suitable for use in soft contact lens were not mentioned in any of the prior art.

To reach the claimed invention of incorporating the newly developed copolymerizable UV absorber into lenses for aphakics that contact the eye, one must combine the above two lines of prior art.

The district court justified its combination of the prior art to find obviousness by limiting the invention to hard lenses and then using a simplified syllogism to compare only the relative leaching of the two different types of UV absorbers in such hard lenses. According to the syllogism, since both absorbers leach minimally from such hard lenses, it follows that to use either one would be obvious. To reduce the difficult determination of obviousness to such an oversimplified and unsupported syllogism is improper and contrary to this Court's mandate in *Graham v. Deere.*

The district court's obviousness determination completely ignored the claimed invention as a whole including the fact that nonpolymerizable UV absorbers cannot be used in soft lenses because they rapidly leach from such lenses. If this fact is included in the district court's newly created "syllogism" test for obviousness, the test must and does fail to support a conclusion of obviousness. This demonstrates the inappropriateness and fallacy of the oversimplified "syllogism" test which was created *ab initio* by the district court.

The Federal Circuit had a duty to correct the legal errors arising from the district court's reduction of the difficult determination of obviousness to an over simplified and improperly limited syllogism. Instead, the majority substituted its own unsupported view of the facts and used these facts to support its own conclusion of obviousness. The majority opinion provides no guidance as to whether the district court's "syllogism" test is in accordance with the test for obviousness established by this Court in *Graham v. Deere.* Further, it provides no explanation of why it substituted its view that a leaching problem existed

with respect to hard lenses when the district court's syllogism is based on the fact that no problem existed because leaching from hard lenses was minimal.

This Court must instruct the Federal Circuit that its unsupported view of the facts cannot be substituted for that of the district court without some explanation under Rule 52(a). Further, the dissenting opinion that the district court's use of a syllogism, in effect, amounts to creation of a "super scientist" should be adopted in order to insure that this Court's mandate in *Graham v. Deere* is used to determine obviousness and not the newly created "syllogism" test set forth by the district court.

II. THE FEDERAL CIRCUIT SANCTIONED THE DISTRICT COURT'S IMPROPER USE OF *LEAR v. ADKINS* TO REMOVE HIGHLY PROBATIVE SECONDARY CONSIDERATIONS FROM THE OBVIOUSNESS DETERMINATION

Objective evidence of nonobviousness, i.e., secondary considerations, must be considered in determining obviousness. *Graham v. Deere.* There is no question that the district court considered ORC's filing of a patent application on the claimed invention to be highly relevant and probative objective evidence of nonobviousness. However, the district court relied on *Lear v. Adkins* to remove, or at least lessen, the weight of this evidence with respect to its obviousness determination. Such an extension of *Lear v. Adkins* is precedent setting and should not be allowed to stand without explicit approval by this Court. However, the majority appellate opinion, by its silence on this point, tacitly

approves of this extension of *Lear v. Adkins.* This Court must review this decision in order to insure that its decision in *Lear v. Adkins* is not improperly extended into the weighing of secondary considerations en route to a determination of obviousness.

CONCLUSION

This Court has clearly mandated that appellate courts must not engage in their *own* fact finding. The majority's own finding of an incorrect critical fact in its obviousness analysis is a perfect example of why this mandate against appellate fact finding is necessary. The majority's engaging in its own fact finding is a basic flaw at a critical point in the obviousness analysis which requires that this decision be reviewed by this Court.

The dissent by Senior Circuit Judge Nichols correctly recognizes that the district court relied on an improper "syllogism" test which limited the claimed invention to a comparison of leaching characteristics only in hard lenses. The net result of this syllogism test was the improper creation of a "super scientist" to whom almost anything would be obvious. Instead of affirming or rejecting the district court's "syllogism test," the majority makes its *own unsupported* and *incorrect* factual finding that is then used to support its own determination of obviousness. The majority's own impermissible fact finding at the critical point of its obvious analysis is contrary to the mandate of this Court and must be corrected.

The Federal Circuit panel remained split on the issue of obviousness without even considering the most

highly probative secondary considerations. The majority's condoning of the district court's reliance on *Lear v. Adkins* to dismiss probative and cogent evidence of nonobviousness further added to the improper affirmation of the district court's obviousness determination. If left undisturbed, the appellate decision will effectively add the "syllogism" test to obviousness determinations under 35 U.S.C. §103 and also allow public policy considerations to control the analysis of secondary considerations. Such departures from the existing legal precedents of this Court cannot be allowed. Accordingly, petitioner requests that the majority decision of obviousness be reviewed and reversed.

Respectfully submitted,

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APPENDIX A

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88-1227, - 1267

SCHERING CORPORATION

Plaintiff/Appellant,

v.

OPTICAL RADIATION CORPORATION,

Defendant/Cross-Appellant.

DECIDED: January 27, 1989

Before MAYER, *Circuit Judge,* NICHOLS, *Senior Circuit Judge,* and MICHEL, *Circuit Judge.*

MICHEL, *Circuit Judge.*

DECISION

Schering Corporation (Schering) appeals the judgement of the United States District Court for the Central District of California in *Schering Corp. v. Optical Radiation Corp.*, No. 83 CV 84-2357-WPG (C.D. Cal. August 6, 1987) (amended January 5, 1988), holding invalid under 35 U.S.C. §103 (1982) claims 1 and 2 of U.S. Patent No. 4,390,676 (the '676 patent, issued to Samuel Loshaek and assigned to Schering. Schering also challenges the court's holding that these claims, which describe an intraocular lens with a copolymerizable ultraviolet (UV) light absorber for use by persons without natural lenses (aphakics), have not been infringed by Optical Radiation Corporation's (ORC's) "UV 400" intraocular lens, and that the patent is unenforceable due to inequitable conduct.

ORC, in a cross-appeal, challenges the court's conclusion that the claims find support in an application filed June 20, 1973, and also in the court's denial of attorney fees. We *affirm* as to obviousness, but *reverse* as to inequitable conduct. We *affirm* as to the court's denial of attorney fees to ORC.

OPINION

I.

The district court determined that the prior art includes a contact lens having a UV absorber that is mixed, whether or not actually polymerized (or polymerizable), with the plastic or polymer from which the lens is formed. The UV absorber causes the prior art lens, like the lens claimed by Schering, to have spectral transmittance characteristics that approximate those of a normal (non-aphakic) human eye, absorbing "radiation in the wavelength range of about 340-450 mmu." The court found that the prior art contact lens, described in a sales brochure issued by the manufacturer, Guaranteed Plastic Contact Lens Company (GPCL), 7 or 8 years before the June 20, 1973 filing of the application for the '676 patent, is satisfactory for use as an intraocular lens by aphakics. Indeed, Schering concedes the functionality of the GPCL lens material both as an intraocular lens and a contact lens. In its brief Schering states that "[t]he brochure suggests that the [GPCL] lens could be used for correcting both normal and *aphakic* vision," Appellant's Opening Brief at 22 (emphasis added), the intraocular lenses being crafted to be "surgically implanted into the aphakic eye to replace the natural lens." *Id.* at 7, n.3.

The court also determined that a technique of polymerizing a UV absorber into a plastic body was within the prior art. United States Patent No. 3,173,893 issued to Fertig et al., and their article in the *Journal of Applied Polymer Science*, Vol. 10, pp. 663-672 (1966), discuss techniques for copolymerizing a UV absorber into a plastic object. Both highlight the advantages of UV absorber copolymerization. The Fertig article states that the approach there described "minimize[s] problems such as incompatibility, migration [or leaching], volatility and solvent extraction." Fertig article at 663. The Fertig patent states that two of the advantages achieved with the copolymerized UV absorber are "a complete lack of toxicity as well as the total absence of any migration from the formulated polymer . . . ." See Fertig patent, col. 1, lines 44-48. That is, the Fertig references disclose a copolymerized UV absorber, like that claimed by Schering, which undergoes limited or no leaching.

The Fertig references do not specifically single out an ophthalmic lens as the plastic body for which the absorber copolymerization technique could be used. But since a UV absorber leaching problem was known to exist for plastic lenses using "unbound" nonpolymerized absorbers, one having ordinary skill in the art certainly would have realized, upon review of Fertig's technique, that this method could also be applied to ophthalmic lenses to prevent leaching of the UV absorber into the eye.

Absence of complete certainty as to whether Fertig's technique could be used successfully for lenses would not undermine such an obviousness conclusion. "Only a reasonable expectation of success, not absolute predictability, is necessary for a conclusion of

obviousness." *In re Longi*, 759 F.2d 887, 897, 225 USPQ 645, 651-52 (Fed. Cir. 1985). Furthermore, Fertig need not contain an express statement suggesting the modification of ophthalmic lenses in order for the claimed invention to have been rendered obvious. *See Cable Electric Products, Inc. v. Genmark, Inc.*, 770 F.2d 1015, 1025, 226 USPQ 881, 886 (Fed. Cir. 1985).

The district court points out that neither the brochure describing the GPCL lens nor the Fertig article was before the examiner during the prosecution of the Schering application. As we indicated in *SSIH Equipment S.A. v. United States International Trade Commission*, 718 F.2d 365, 375, 218 USPQ 678, 687 (Fed. Cir. 1983), where the party challenging validity produces new, more pertinent references which the Patent Office did not consider, that party's burden of overcoming the presumption of validity afforded a patent is more easily carried.

Even if the brochure and the article were not *more* pertinent, that the court based its holding of invalidity on these references would not require reversal. The issue before this court is whether the GPCL brochure and the Fertig article, whether or not considered by the examiner, are sufficiently probative of obviousness to overcome the presumption of validity. *See Surface Technology, Inc. v. United States International Trade Commission*, 801 F.2d 1336, 1339-40, 231 USPQ 192, 195 (Fed.Cir. 1986). Our view is that the references support an obviousness determination.

With regard to "secondary considerations," Schering asserts error in the district court's failure to conclude that nonobviousness was shown by the license agreement between Schering and Precision-Cosmet. While evidence of licenses taken by competitors may

tend to indicate nonobviousness, the weight to be accorded evidence of "secondary considerations" is to be carefully appraised in relation to all the facts. *See Cable Electric*, 770 F.2d at 1026-27, 226 USPQ at 887-88. In view of the high evidentiary value of other relevant factors showing obviousness, we do not agree that the district court failed to properly consider the license agreement.

In view of the foregoing considerations and the total record before us, we hold that the district court was not clearly wrong with respect to its factual findings on the issues underlying the question of obviousness, nor did it commit legal error in holding invalid as obvious claims 1 and 2 of the '676 patent. *See Medtronic, Inc. v. Daig Corp.*, 789 F.2d 903, 904-05, 229 USPQ 664, 666 (Fed. Cir. 1986), *cert. denied*, 479 U.S. 931 (1986). Therefore, we do not reach the question whether the claims at issue find support in the application then filed, or whether ORC's UV 400 intraocular lens infringes Schering's claims because invalid claims cannot be infringed.

II.

It is settled law of this circuit that threshold levels of materiality *and intent* each must be found to have been established by the evidence before the court may begin balancing the degree of each so as to determine whether there was inequitable conduct that precludes enforcement of all claims of the patent. *J.P. Stevens Co., Inc. v. Lex Tex Ltd., Inc.*, 747 F.2d 1553, 1559-60, 223 USPQ 1089, 1092 (Fed. Cir. 1984), *cert. denied*, 474 U.S. 822 (1985). Here the district court did make a specific finding as to materiality, but not as to intent. Furthermore, based on the entire record before us, our

view is that if the district court had focussed on the question of intent, it would have committed clear error in finding threshold or higher level intent. *See In re Jerabek*, 789 F.2d 886, 889, 229 USPQ 530, 532 (Fed. Cir. 1986).

Moreover, we will not infer a finding of intent merely because of the district court's finding of materiality and because even without finding intent, it nevertheless concluded that Schering had committed inequitable conduct. As we recently stated in *Kingsdown Medical Consultants, Ltd. v. Hollister Inc.*, No. 88-1265, slip op. at 19 (Fed. Cir. December 21, 1988) (*in banc* decision with regard to intent element of inequitable conduct), even a finding of "gross negligence" does not of itself justify an inference of intent to deceive. Nor does its opinion indicate that the court conducted the required weighing process or was aware that "intent to deceive" the Patent and Trademark Office, as distinct from knowledge of the uncited reference, is an essential element of inequitable conduct. But apart from materiality "the involved conduct, viewed in light of all the evidence, including evidence indicative of good faith, must indicate sufficient culpability to require a finding of intent to deceive." *Id.* (citation omitted). Accordingly, the trial court holding that the patent is unenforceable because of inequitable conduct must be reversed.

It is true that in analyzing whether to award attorney fees, the district judge did state (pp. 6, 13, and 14, Memorandum Decision of August 6, 1987, and p. 2, Order of January 5, 1988, respectively) that the GPCL lens brochure was "known to" plaintiff, but "plaintiff made no mention" of it, that the "failure of the plaintiff to make such disclosures constituted inequita-

ble conduct," and that attorney fees should not be awarded because "plaintiff knowingly withheld" it. None of those statements, however, was or was denominated a finding of fact, and from the context none of these statements can be seen to be a finding of fact of threshold intent required by our cases before a court may hold a patent unenforceable for inequitable conduct. Indeed, deceptive intent for purposes of uneforceability for inequitable conduct was plainly not even the issue being discussed in any of these instances. All but one related to materiality (which was clear) or to knowledge (which was admitted). The remaining statement (p. 14) related to whether an award of attorney fees was warranted in the exercise of the court's *equitable* discretion. The district judge, thus, determined *inequitable* conduct (p. 14) without any finding of deceptive intent. In addition, the court nowhere purported because of "inequitable conduct" to invalidate claims of the patent that were not even in dispute in this case, nor expressed any awareness that this would be the inevitable consequence of its conclusion of "inequitable conduct."

Therefore, we do not overrule a fact finding on intent, but instead determine that, as a legal matter, the very absence of a finding of deceptive intent precludes a determination of unenforceability for inequitable conduct.

III.

"A decision concerning the award of attorneys' fees is reviewable only to determine whether the court has abused its discretion." *J.P. Stevens Co., Inc. v. Lex Tex Ltd., Inc.*, 822 F.2d 1047, 1050, 3 USPQ 2d 1235, 1237 (Fed. Cir. 1987). Even where, as here, the court finds

the case "exceptional", the trial court, acting within its discretion, is free not to award attorney fees based on other considerations which it is best able to weigh. *See J.P. Stevens*, 822 F.2d at 1051, 3 USPQ2d at 1238. In view of the broad discretion permitted the district court, and the court's expressed statementsthat its impression of the case as a whole, including the tactics and effort of counsel, left it with the "feeling" that both sides should pay their own attorney fees, we hold that the court did not abuse its discretion in declining to award attorney fees to ORC.

COSTS

Appellant bears costs.

88-1227,-1267

88-1227,-1267

SCHERING CORPORATION

Plaintiff/Appellant,

v.

OPTICAL RADIATION CORPORATION

Defendant/Cross-Appellant.

MAYER, *Circuit Judge,* concurring in part and dissenting in part.

The district court's conclusion on inequitable conduct should also be affirmed. Its opinion admits of no doubt that it found Schering acted with intent to deceive the PTO.

The court expressly said the prior art GPCL brochure, which Schering had "knowingly withheld" from the PTO, taught every feature that, per Schering's representations to the Board of Appeals, distinguished its claims from the prior art. (For example, Schering said that " 'Weinberg fails to disclose or support contact lenses,' " to which the court responded: "But UVC [i.e. the withheld GPCL brochure] does!")

That the district court may not have fully articulated its finding does not warrant reversal. *Cf. Stratoflex, Inc. v. Aeroquip Corp.,* 713 F.2d 1530, 1540, 218 USPQ 871, 880 (Fed. Cir. 1983). In my view, express findings that one knowingly withheld art of the highest materiality (according to the district court: "if such disclosure had been made, the '676 patent would not have issued . . . ."), and made representations to the PTO that were false in light of the withheld art, and a conclusion that this was inequitable conduct, necessarily subsumes a finding of intent.

I am also puzzled by the statement that "the court nowhere purported because of 'inequitable conduct' to invalidate claims of the patent that were not even in dispute in this case, nor expressed any awareness that this would be the inevitable consequence of its conclusion of 'inequitable conduct.' " *Ante.* The effect of a finding of inequitable conduct is to render the patent, in its entirety, unenforceable. *Kingsdown Medical Consultants, Ltd. v. Hollister Inc.*, No. 88-1265, slip op. at 20 (Fed. Cir. Dec. 21, 1988) (in banc). The district court was aware of this. On January 5, 1988, the court amended its judgment and unequivocally stated: "Patent No. 4,390,676 . . . is adjudged to be . . . unenforceable due to inequitable conduct in pursuing the application that resulted in the patent."

88-1227,-1267

SCHERING CORPORATION

Plaintiff/Appellant,

v.

OPTICAL RADIATION CORPORATION

Defendant/Cross-Appellant.

NICHOLS, *Senior Circuit Judge*, dissenting.

Respectfully, I dissent from the holding of invalidity under section 103. I assume, as we must, that you can always pick and choose from the prior art examples of the separate elements which the inventor combined to make his invention. This being so, whether it would have been obvious to combine them is what we must decide. Here one line of inventions comprised prior art plastic lenses to screen out ultraviolet light for aphakic eye patients, whether needing intraocular or contact devices. But these were unstable, subject to leaching, obviously a disaster for the patient if not promptly corrected. The other line, culminating in the Fertig patent '893, comprised a stable, non leaching copolymerized plastic for bread wrappings, sheeting, roofing, and plastic boats, all nonmedical uses. Obviously you can define the "person ordinarily skilled in the art" so as to make it obvious to this paragon to take the plastic technology developed for such non-medical uses, when the problem develops after prolonged exposure to sunlight, and apply it to the very different problem of the aphakic eye patient. The trial court achieved this by postulating a person with "the training and skills of a polymer chemist." Apparently the training and skill of this person includes awareness of the real needs of

ocular medicine, though that branch of the healing arts had failed to make use of polymer chemistry hitherto. I would hold, however, that the trial court has simply invented a fictitious super scientist, unknown to the real world as it exists today, for the purpose of sustaining a result. I think a real polymer chemist would have been unaware of the needs of the aphakic patient, or even of his existence. A real doctor, expert in the medical needs of aphakic patients, would have been unaware how they stabilized the coloration of plastic boats, roofing, sheeting, and bread wrappers against the glare of the sun. Neither would have seen the possibility of transferring the technique to meet a wholly unlike need. To bring these different skills to play in unison required nonobvious invention.

88-1227/88-1267

AUG 10 1987

FILED
AUG - 6 1987
CLERK, U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
BY DEPUTY

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

SCHERING CORPORATION,	)	**CV 84-2357-WPG**
	)	
Plaintiff and Counterdefendant,	)	**MEMORANDUM OF DECISION**
vs.	)	
OPTICAL RADIATION CORPORATION,	)	
Defendant and Counterclaimant.	)	

This patent infringement action has been tried to the court, thoroughly argued orally, and taken under submission. This Memorandum shall contain my decisions on the issues involved and shall be limited to advising counsel as to my rationale in arriving at such conclusions. Being fully mindful of counsel's familiarity with the facts and the issues here involved and their abilities to present such matters to higher authority, my discussion will be considerably abbreviated.

The principal issues and the respective decisions on them are as follows:

1. Do Claims 1 and 2 of the Loshaek '676 patent (the '676 patent) meet the requirements under 35 U.S.C. §120 and are therefore entitled to the filing date

of the Grandparent application? The answer to this issue is in the affirmative.

2. Is the '676 patent invalid for obviousness, pursuant to 35 U.S.C. §103? The answer is "yes".

3. Has the '676 patent been infringed by the defendant's UV 400 IOL? The answer is "no".

4. Is the defendant entitled to an award of attorney's fees, pursuant to 35 U.S.C. §285? The answer is "no".

DISCUSSION

1. The "Relation Back" Under §120.

Claim 12 of the Grandparent application refers to "an ultraviolet absorbing lens comprising a polymer having an ultraviolet absorber disbursed essentially uniformly throughout said lens . . . ." (Exhibit 100, p. 2) As the defendant points out, the Grandparent application asserted that the "invention is applicable to contact lenses and to lenses to be used in spectacles." It makes no reference to an intraocular lens (IOL), but such lenses were unknown at that time. However, an IOL is a logical extension of, first, a spectacle and then a contact lens that are designed for use by aphakics. I think it evident that the Grandparent application describes a lens that would fulfill the same purpose on the inside of the eye that it would serve as a contact lens or a spectacle. There can be little doubt that the IOL would have been included specifically in the Grandparent application if it currently had been part of the relevant art.

'[T]he test for sufficiency of support in a parent application is whether disclosure of the application

relied upon 'reasonably conveys to the artisan that the inventor had possession at that time of the later claimed subject matter.' . . . Precisely how close the original description must come to comply with the description requirement of 35 U.S.C. §112 must be determined on a case-by-case basis." *Ralston Purina Company v. Far-Mar-Co, Inc.*, 772 F.2d 1570, 1575 (Fed. Cir. 1985) [Citation omitted].

The '676 patent claims a lens for use by aphakics "in contact with the eye". The quoted words were inserted in order that IOLs might be covered by the patent. In light of the foregoing, I believe that such a claim is supported by the description contained in the Grandparent application, within the meaning of 35 U.S.C. §§112 and 120. The plaintiff therefore is entitled to the filing date of the Grandparent application. *See Application of Fisher*, 427 F.2d 833, 839 (CCPA 1970).

2. The Matter Of Obviousness.

In approaching the issue of whether the '676 patent is invalid for obviousness in light of the prior art, I am thoroughly mindful that the challenger has the heavy burden of presenting clear and convincing evidence in order to overcome the presumption of patent validity. *American Hoist & Derrick Co. v. Sowa & Sons*, 725 F.2d 1350, 1360 (Fed. Cir. 1984). The determination as to whether this burden has been met is dependent upon factual findings with respect to:

"(1) The scope and content of the prior art;

(2) The level of ordinary skill in the art;

(3) The differences between the claimed subject matter and the prior art; and

(4) Where relevant, objective evidence of nonobviousness, e.g., long-felt need, commericial success, failure of others, copying, unexpected results, i.e., the secondary considerations." *Ashland Oil Inc. v. Delta Resins & Refractories*, 776 F.2d 281, 291 (Fed. Cir. 1985).

We discuss each of these factors in turn:

(a) *The Scope and content of the Prior Art.* Claim 1 of the '676 patent announces the disclosure of:

> "1. A lens for use by aphakics in contact with the eye comprising a shaped body comprising a polymer formed by copolymerizing a monomer suitable for use in making such lenses and a copolymerizable monomeric ultraviolet absorber, said absorber being in a steady state with respect to extraction thereof from said body by an aqueous medium and being present in an amount sufficient to absorb radiation in the wavelength range of about 340-450 mmu."

The "background" and "summary" sections of the '676 patent assert that the invention solves the problem of how to prepare either a spectacle lens or a contact lens so that such lens could prevent ultraviolet light from reaching the retina of an aphakic's eye. However, the prior art includes a contact lens manufactured by a company named "Guaranteed". According to the sales brochure issued by the manufacturer, this UVC lens involves:

1. The mixing of the ultraviolet (UV) absorber with the liquid plastic from which plastic lenses are formed.

2. The use of enough UV absorber to absorb radiation in the wavelength range of about 340-450 mmu.

3. The use of a UV absorber that causes the lens to have a spectral transmittance that approximates the spectral transmittance of a natural human lens.

4. A lens satisfactory for use by aphakics.

Thus, the UVC lens provides all of the fea[t]ures and benefits claimed by the '676 patent, except that the former contains a nonpolymerizable UV absorber instead of a polymerizable UV absorber. The plaintiff insists that this distinction constitutes a major disclosure over the prior art.

It is well known that if the UV absorber is polymerized with the monomer suitable for making a lens, it is less likely (if at all) to leach out of the lens than is a UV absorber that is nonpolymerizable and thus is not chemically bound within the lens. Naturally, when a lens is put in contact with the eye, as is a contact lens, or within the eye as in an IOL, it is desirable that leaching be minimized or nonexistent. The plaintiff points out that the '676 patent is the first to teach the use of a polymerizable UV absorber in a lens in contact with the eye, and that the rate of its leaching or extraction from the lens is very low, perhaps zero, and approximately constant from the outset. The plaintiff refers to this condition as "steady state".

However, the plaintiff acknowledges in the '676 description that several nonpolymerizable UV absorbers are satisfactory ingredients in a lens for aphakics, even though it takes relatively longer for them to reach steady state. The plaintiff also acknowledges that it is "not essential to have the lens at steady state with

regard to extraction prior to putting it into use." ('676 patent, column 2, lines 50-53). One of the nonpolymerizable UV absorbers that the plaintiff refers to as being satisfactory is Uvinul D-49, which is the absorber used in the UVC lens.

It thus appears that, contrary to the contention in the '676 patent, such patent was not the first to solve the problem of how to prepare either a spectacle lens or a contact lens so that such lens could prevent ultraviolet light from reaching the retina of an aphakic's eye. The UVC lens, which was known to Dr. Loshaek at the time the initial patent application was filed but was not disclosed to the Patent Office, accomplishes substantially the same goal with a nonpolymerizable UV absorber as does the '676 patent with a polymerizable UV absorber.

But even if the comparative nonleaching characteristics of the polymerizable UV absorber be considered significant, such nonleaching characteristics are taught by the prior art, namely, National Starch patent No. '893 (Exhibit 107), issued in 1985, and a 1966 article (Exhibit 143) by Fertig, one of the inventors of patent '893. These publications disclose the copolymerization of a UV absorber into plastic materials such as food wrappings or containers and other items, thereby protecting against UV radiation, while eliminating problems of migration or leaching. Fertig teaches the use of the same ingredients that Dr. Loshaek later employed in the claimed invention.

The above mentioned Fertig patent and article were not brought to the attention of the Patent Office in the processing of the patent in suit.

(b) *The Level Of Ordinary Skill In The Art. Standard Oil Co. v. American Cyanamid Co.*, 774 F.2d 448, 454 (Fed. Cir. 1985) states that:

> "[a] person of ordinary skill in the art is . . . presumed to be one who thinks along the line of conventional wisdom in the art and is not one who undertakes to innovate, whether by patient, and often expensive, systematic research or by extraordinary insights."

Applying this standard to the present situation, I believe that a person of ordinary skill in the art here concerned would have the training and skills of a polymer chemist. He would understand the claims and the descriptions of the '676 patent and the National Starch patent '893. He also would understand the Fertig article and the import of the UVC brochure. He would understand or would know how to ascertain the light absorption and the extraction characteristics of the various polymerizable and nonpolymerizable UV absorbers. He would be a person of experience and skill beyond that of a "journeyman" optometrist.

(c) *The Differences Between The Claimed Subject Matter And The Prior Art.* The differences were twofold. First, the prior art used a nonpolymerizable UV absorber, Uvinul d-49, in a lens for aphakics, as shown by the UVC lens; the UV absorber disclosed by the subject patent is Permasorb-MA, which is polymerizable but was not on the market at the time that the UVC lens was developed. Second, the prior art included the use of polymerizable UV absorber in plastic articles in order to minimize or avoid migration or leaching (National Starch patent No. '893 and the Fertig article). However, such use had not yet extended to plastic lenses for aphakics.

I believe that the foregoing establishes the following syllogism:

(1) The leaching of a non polymerizable UV absorber, such as Uvinal D-49, from plastic material is minimal and therefore such an absorber is satisfactory for incorporation into a lens for aphakics.

(2) A polymerizable UV absorber, such as Permasorb-MA, which is as nontoxic as Uvinal D-49, leaches even less or not at all.

(3) Therefore, it is obvious that such a polymerizable UV absorber can properly be used in the manufacture of a lens for aphakics.

The situation here concerned is somewhat analogous to the case of *Mandel Brothers v. Wallace*, 335 U.S. 291 (1948). There, a patent involving the use of urea in an antiperspirant to reduce corrosion that rotted clothing was held invalid, the Court pointing out that it was well known that urea had otherwise been utilized as a corrosion inhibitor. It is of course true, as the plaintiff points out, that the use of a substance in a lens to be placed on or within the eye is much different than incorporating the same substance into a food wrapper. But I believe that, even with the considerations that must carefully be taken into account, the above syllogism is valid. I cannot conclude the Patent Office would have allowed this patent if it had been aware of the UVC lens, the National Starch patent '893 and the Fertig article.

(d) *The Secondary Considerations.* The Court of Appeals has instructed us that

"'. . . evidence rising out of the so-called 'secondary considerations' must always when present be considered en route to a determination of obviousness. . . . It is

to be considered as part of all the evidence, not just when the decisionmaker remains in doubt after reviewing the art." *Stratoflex Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1538-9 (Fed. Cir. 1983).

The secondary considerations that appear to be relevant here are as follows:

(1) *Long Felt Need.* I am not aware that any evidence was presented showing a long felt need for a UV absorber after the UVC lens became available.

(2) *Commericial Success.* The defendant's UV 400 IOL was quite successful, having captured about eight percent (8%) of the IOL market in its first year of production. However, the evidence does not show a nexus between such success and the use of a polymerizable UV absorber. *See In re Vamco Machine and Tool Inc.*, 752 F. 2d 1564, 1577 (Fed. Cir. 1985). The likelihood is that the fact that the product is an IOL was primarily responsible for its success.

The plaintiff points to sales of its "Neophakic" contact lens as contributing to evidence indicating that its claims in the '676 patent were nonobvious. However, the plaintiff's own assessment of that product was that it "was not a commericial success" and that its market was "in fact small". (See Exhibits 132 and 715).

(3) *The Defendant's Patent Application.* The record shows that on May 10, 1982, the defendant caused to be filed patent application No. '666, which covered an "Ultraviolet Radiation Absorbing Intraocular Lens". On March 18, 1985, the defendant abandoned such application in light of patent '676 (Exhibit 406). Thus, it would appear that the defendant filed its application in the face of the same prior art that it now contends renders the plaintiff's patent

invalid for obviousness. As far as I can determine from the record, such prior art would be equally preclusive against the defendant's application. Be that as it may, the abandonment by the defendant of its application certainly is evidence of a belief that the '676 patent is valid, and thus is completely inconsistent with the defendant's present position.

If the only relevant considerations were the relationships between these two parties, I would be inclined to conclude that the defendant's conduct has estopped it to deny the validity of the plaintiff's patent. However, in *Lear v. Adkins*, 395 U.S. 653 (1969), the Court refused to allow such an estoppel to be imposed upon the licensee of a patent in an infringement action brought by the licensor. The reasoning of the opinion clearly applicable to the present situation:

> "Surely the equities of the licensor do not weigh very heavily when they are balanced against the important public interest in permitting full and free competition in the use of ideas which are in reality public domain. Licensees may often be the only individuals with enough economic incentive to challenge the patentability of an inventor's discovery. If they are muzzled, the public may continually be required to pay tribute to would-be monopolists without need or justification. We think it plain that the technical requirements of contract doctrine must give way before the demand of the public interest . . . ." (395 U.S. at 670).

Having pondered all of the above considerations, as well as other factors that were presented and argued but are too numerous to discuss here, I am obliged to

conclude that the defendant has established the obviousness of Claim 1[1] of the '676 patent by clear and convincing evidence.

3. The '676 Patent Has Not Been Infringed By The Defendant.

Claim 1 of the '676 patent speaks of a "lens comprising a shaped body comprising a polymer formed by copolymerizing a monomer suitable for use in making such lenses and a copolymerizable ultraviolet absorber [Permasorb-MA]. . . ."

The first step of the defendant's process does copolymerize a monomeric ultraviolet absorber (Permasorb-MA) with a plastic monomer. However, the result of such copolymerization is not the lens to which the claim of the '676 patent refers. A further step is required. The result of the last mentioned copolymerization is a powder-like substance, called Compound 400, which must be dissolved in more MMA in order to form the lens. This Compound 400 is a copolymer and cannot be copolymerized with the monomer used to form the lens. Instead, unlike the '676 patent, it is physically trapped in the shaped lens body.

In view of the fact that the defendant does copolymerize a UV absorber and a monomer, as does the plaintiff, I have wondered if the above described differences are significant in the issue of infringement. However, in its argument to the Patent Office, the plaintiff several times emphasized that the UV

---

[1] The only other claim in this litigation is Claim 2, which is dependent upon Claim 1 and thus falls with it.

absorber must be "capable of being copolymerized with the material forming the lens itself" (Exhibit 101, page 36), and that, unlike Weinberg, the '676 patent discloses "the use of copolymerizable monomeric ultraviolet absorbers which are actually copolymerized with the monomer forming the basic structure of the contact lens . . . ." In the defendant's process, the ultraviolet absorber simply is not, and cannot be, "actually copolymerized with the monomer forming the basic structure of the contact lens."

With respect to infringement, the plaintiff has the burden of proof. I find that such burden has not been sustained.

4. The Defendant Is Not Entitled To Attorney Fees.

This is deemed to be an exceptional case within the meaning of 35 U.S.C. §285. In pursuing the application that resulted in the '676 patent, the plaintiff argued at length, and convinced the Board of Appeals, that, contrary to the Examiner's decision, the Weinberg patent is not prior art that precludes patentability. The plaintiff made no mention of the UVC brochure or the many relevant aspects of the lens that such document disclosed. The plaintiff pointed out (Exhibit 101, page 42) that:

> "Weinberg fails to disclose or support contact lenses." (But UVC does!)
>
> Weinberg "makes no disclosure or suggestion whatsoever of lenses suitable for use by aphakics." (But UVC does!)
>
> Weinberg "fails to disclose such copolymerizable monomer being present in an amount

> sufficient to absorb radiation in a certain specific wavelength range." (But UVC does!)

The fact that the UVC lens was on the market was highly relevant to the patentability of the plaintiff's submission, and the failure of the plaintiff to make such disclosures constituted inequitable conduct and a breach of the duty of candor to the Patent Office.

I am convinced that if such disclosure had been made, the '676 patent would not have issued and this expensive litigation therefore would have been avoided.

Section 285 provides that under these circumstances the court "may award reasonable attorney fees to the prevailing party". I decline so to do, only because the defendant apparently was perfectly willing to, and did, seek a patent on virtually the same disclosure claimed by the plaintiff and in the face of the very same prior art, including the UVC lens, the National Starch patent '893 and the Fertig article. Accordingly, each party should pay its own attorney fee.

A judgment will be entered holding the '676 patent invalid and not infringed by the defendant.

DATED: August 6, 1987.

William P. Gray

WILLIAM P. GRAY
United States District Judge

FILED
JAN - 5 1988
CLERK, U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
BY
DEPUTY

FILED
JAN 7 1988
CLERK, U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
BY
DEPUTY

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

SCHERING CORPORATION,	)	
Plaintiff and Counterdefendant,	)	**CASE NO.**
	)	**CV 84-2357 WPG**
v.	)	
OPTICAL RADIATION CORPORATION,	)	
Defendant and Counterclaimant.	)	

AMENDMENT TO MEMORANDUM OF DECISION OF AUGUST 6, 1987

The defendant has requested that the court modify the Memorandum of Decision filed August 6, 1987. After a hearing on such motion, the court now makes the following modifications:

1. In light of the factual discussions in the Memorandum of August 6, 1987, I find Claim 1 of the plaintiff's patent No. 4,390,676 to be:

(a) invalid and unenforceable because of obviousness, pursuant to 35 U.S.C. §103.

(b) unenforceable due to inequitable conduct in pursuing the application that resulted in the patent.

2. Claim 2 is dependent upon Claim 1. While being more specific about the UV absorber, dependent Claim 2 embraces the use of the Permasorb MA discussed in the Memorandum of August 6, 1987. Thus, Claim 2 is invalid for obviousness and is unenforceable for the same reasons herein mentioned with respect to Claim 1.

3. In the Memorandum of August 6, 1987, (page 14), I stated that the defendant was not being awarded attorney's fees "only" because it sought a patent "on virtually the same disclosure claimed by the plaintiff and in the face of the very same prior art, including the UVC lens, the National Starch patent '893 and the Fertig article." It now appears that the defendant may have been unaware of the UVC lens. However, both the defendant and the plaintiff knowingly withheld from the Patent Office relevant and material information regarding the then current use of unbound UV absorbers. Under such circumstances, it is my conclusion that each side should pay its own attorney's fees.

An Amended Judgment is currently being filed to reflect the foregoing modifications.

DATED: January 5, 1988.

WILLIAM P. GRAY
United States District Judge

United States Court of Appeals for the Federal Circuit

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88-1227,-1267

SCHERING CORPORATION,

Plaintiff/Appellant,

v.

OPTICAL RADIATION CORPORATION,

Defendant/Cross-Appellant.

Judgment

ON APPEAL from the U.S. District Court for the Central District of California

in CASE NO(S). 84-2357

This CAUSE having been heard and considered, it is

ORDERED and ADJUDGED:

AFFIRMED (as to obviousness); REVERSED (as to inequitable conduct); and AFFIRMED (as to the court's denial of attorney fees).

ENTERED BY ORDER OF THE COURT

DATED January 27, 1989

Francis X. Gindhart

Francis X. Gindhart, Clerk

COST: Against Plaintiff-Appellant.
PRINTING----------$699.52
TOTAL----------$699.52

ISSUED AS A MANDATE: March 8, 1989

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88-1227, -1267

SCHERING CORPORATION,

Plaintiff-Appellant,

v.

OPTICAL RADIATION CORPORATION,

Defendant-Appellee.

ORDER

ORDER

Before MAYER, Circuit Judge, NICHOLS, Senior Judge, and MICHEL, Circuit Judge.

A petition for rehearing having been filed in this case,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, denied.

The suggestion for rehearing in banc is under consideration.

This mandate will issue on March 7, 1989.

FOR THE COURT,

Francis X. Gindhart

Francis X. Gindhart
Clerk

Dated: February 28, 1989

cc: WILLIAM POMS
EDWIN L. HARTZ

SCHERING V OPTICAL, 88-1227

Note: This order has not been prepared for publication in a reporter.

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88-1227, -1267

SCHERING CORPORATION,

Plaintiff-Appellant,

v.

OPTICAL RADIATION CORPORATION,

Defendant-Appellee.

ORDER

FILED
U.S. COURT OF APPEALS FOR
THE FEDERAL CIRCUIT
APR 21 1989
FRANCIS X. GINDHART
CLERK

ORDER

Before MAYER, Circuit Judge, NICHOLS, Senior Judge, and MICHEL, Circuit Judge.

A suggestion for rehearing in banc having been filed in this case,

UPON CONSIDERATION THEREOF, it is

ORDERED that the suggestion for rehearing in banc be, and the same hereby is, denied.

FOR THE COURT,

Francis X. Gindhart

Francis X. Gindhart
Clerk

Dated: April 21, 1989

cc: WILLIAM POMS
EDWIN L. HARTZ

SCHERING V OPTICAL, 88-1227

Note: This order has not been prepared for publication in a reporter.

FILED
AUG - 6 1987
CLERK, U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
BY DEPUTY

FILED
CLERK, U.S. DISTRICT COURT
AUG 10 1987
CENTRAL DISTRICT OF CALIFORNIA
BY DEPUTY

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

SCHERING CORPORATION,	)	**CV 84-2357-WPG**
Plaintiff and Counterdefendant,	)	**JUDGMENT**
vs.	)	
OPTICAL RADIATION CORPORATION,	)	This CO...
Defendant and Counterclaimant.	)	

In accordance with the Memorandum of Decision filed this date, IT IS ADJUDGED THAT:

1. Patent No. 4,390,676, issued to Samuel Loshaek on June 28, 1983, and assigned to the plaintiff, is adjudged to be invalid for obviousness pursuant to 35 U.S.C. §103;

2. Such patent has not been infringed by the defendant through the production of its UV 400 IOL;

3. The plaintiff shall take nothing against the defendant and the latter shall be entitled to recover its normal costs incurred in this action.

DATED: August 6, 1987.

William P. Gray

WILLIAM P. GRAY
United States District Judge

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CENTRAL DISTRICT
BY
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JAN - 5 1988
CLERK, U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
BY
DEPUTY

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

SCHERING CORPORATION, *Plaintiff and Counterdefendant,* **vs.** **OPTICAL RADIATION CORPORATION,** *Defendant and Counterclaimant.*	**CV 84-2357-WPG** **AMENDED JUDGMENT**

In accordance with the Memorandum of Decision filed on August 6, 1987, and the Amendment thereto filed on this date, IT IS ADJUDGED THAT:

1. Patent No. 4,390,676, issued to Samuel Loshaek on June 28, 1983, and assigned to the plaintiff, is adjudged to be:

(a) invalid for obviousness pursuant to 35 U.S.C. §103.

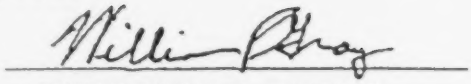
(b) unenforceable due to inequitable conduct in pursuing the application that resulted in the patent.

2. Claim 2 of the patent is dependent upon Claim 1 and is invalid and unenforceable for the same reasons herein mentioned with respect to Claim 1.

3. The plaintiff shall take nothing against the defendant and the latter shall be entitled to recover its normal costs incurred in this action.

4. Each party shall pay its own attorney's fees.

DATED: January 5, 1988.



WILLIAM P. GRAY
United States District Judge

PROOF OF SERVICE BY MAIL

State of California

ss.

County of Los Angeles

I, the undersigned, say: I am and was at all times herein mentioned, a citizen of the United States and a resident of the County of Los Angeles, over the age of eighteen (18) years and not a party to the within action or proceeding; that my business address is 10835 Santa Monica Boulevard, Suite 200, Los Angeles, California 90025; that on May 25, 1989, I served the within *Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit* in said action or proceeding by depositing true copies thereof, enclosed in a sealed envelope with postage thereon fully prepaid, in the United States mail at Los Angeles, California, addressed as follows:

Clerk, United States
Supreme Court
One First Street, N.E.
Washington, D.C. 20543
(Original + 40 Copies)

Edwin L. Hartz
Leo J. Young
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Pasadena, CA 91105
(3 Copies)

I declare under penalty of perjury that the foregoing is true and correct. Executed on May 25, 1989, at Los Angeles, California.

Claude A. Lagardere
(Original signed)

OFFICIAL SEAL
SHERRI L' BELLOTTI
NOTARY PUBLIC - CALIFORNIA
LOS ANGELES COUNTY
My comm. expires OCT 2, 1992

Supreme Court, U.S.
FILED
JUN 26 1989
JOSEPH F. SPANIOL, JR.
CLERK

No. 88-1922

In The

Supreme Court of the United States

October Term, 1988

SCHERING CORPORATION,

Petitioner,

vs.

OPTICAL RADIATION CORPORATION,

Respondent.

On Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

BRIEF IN OPPOSITION

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RULE 28.1 STATEMENT

Respondent, Optical Radiation Corporation, has no affiliated corporations.

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No. 88-1922

In The

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SCHERING CORPORATION,

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OPTICAL RADIATION CORPORATION,

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On Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

BRIEF IN OPPOSITION

Respondent respectfully opposes the petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in its cause No. 88-1227-1267. No special and important reason exists that would justify a review on writ of certiorari.

STATEMENT OF THE CASE

Schering Corporation (Schering) brought an action against Optical Radiation Corporation (ORC) in the

United States District Court for the Central District of California for infringement of United States Patent No. 4,390,676 (Loshaek '676 patent). Four principal issues were raised during the extensive court trial as follows:

1. Entitlement to Earlier Filing Date

The claims of the Loshaek '676 patent are directed to a lens for use by aphakics "in contact with the eye." The quoted language was inserted to cover contact lenses and intraocular lenses (IOLs), lenses surgically implanted in a patient's eye to replace a removed crystalline lens (an aphakic is a person who has had the crystalline lens removed). To avoid certain prior art, however, the Loshaek '676 patent would have to be entitled to the filing date of an earlier application that indicated the "invention [was] applicable to contact lenses and to lenses to be used in spectacles." Although no reference was made to IOLs in this earlier application, the district court decided that the Loshaek '676 patent would be entitled to the earlier filing date.

2. Obviousness

The claims of the Loshaek '676 patent cover a lens for use by aphakics, made of a polymer where an ultraviolet light (UV) absorber has been copolymerized with a material suitable for making a lens. No limitation to hard or soft lenses is contained in the claims. The prior art to the Loshaek '676 patent included contact lenses where a UV absorber was mixed, but not copolymerized, with the material from which the lens was formed and the Fertig

references, viz., United States Patent No. 3,173,893 issued to Fertig et al. and an article in the *Journal of Applied Polymer Science*, Vol. 10, pp. 663-672 (1966) authored by Fertig and others, which disclosed methods for copolymerizing UV absorbers into a wide variety of plastic articles. Although the Fertig references did not specifically mention lenses, they did highlight the advantages of copolymerization in achieving a complete lack of toxicity and the total absence of UV absorber migration from polymers. One of the polymers discussed in the Fertig references is a polymer comprising a specific commercially available UV absorber copolymerized with the standard material for contact lenses and IOLs; this identical polymer is set forth as an example in the Loshaek '676 patent. The district court, following this Court's analysis in *Graham v. John Deere Co.*, 383 U.S. 1 (1966), decided that claims 1 and 2 of the Loshaek '676 patent were invalid for obviousness under 35 U.S.C. § 103.

3. Infringement

The UV absorber used by ORC in its IOLs is a powder-like substance, called Compound 400, that itself is a copolymer and cannot be copolymerized with the material used to form the lens. Instead, unlike the UV absorber of the Loshaek '676 patent, it is physically trapped in the shaped lens body. The district court decided that ORC did not infringe any of the claims of the Loshaek '676 patent.

4. Inequitable Conduct

A brochure disclosing the contact lenses in which a UV absorber was mixed with the material from which the

lens was formed was not revealed to the United States Patent and Trademark Office (PTO) during the prosecution of an application related to that upon which the Loshaek '676 patent issued even though the inventor, Loshaek, was aware of this brochure and specifically brought it to the attention of his patent attorney. This brochure, disclosing a UV absorbing contact lens, was withheld by Loshaek and his attorney while arguing to the PTO that the reference relied on by the PTO did not disclose a UV absorbing contact lens. The district court decided that the Loshaek '676 patent was unenforceable due to inequitable conduct.

Schering appealed the district court's decisions on obviousness, infringement and inequitable conduct. ORC appealed the district court's decision on the Loshaek '676 patent's entitlement to the earlier filing date. On January 27, 1989, the United States Court of Appeals for the Federal Circuit issued a decision affirming the district court's finding that claims 1 and 2 of the Loshaek '676 patent were invalid for obviousness. The Federal Circuit reversed the finding that the Loshaek '676 patent was unenforceable due to inequitable conduct. The finding that ORC had not infringed the Loshaek '676 patent and the finding that this patent was entitled to an earlier filing date were not reached by the Federal Circuit because of its affirmance of the finding of obviousness, which affirmance is questioned by Schering.

The Federal Circuit decision was not prepared for publication in a printed volume because, as is stated on the decision, it does not add significantly to the body of law and is not of widespread interest. Schering's petition for rehearing was denied. Schering also petitioned for

rehearing in banc. Rule 35 of the Federal Circuit Rules provides that for a case to merit rehearing in banc it must require either answer to a precedent-setting question of exceptional importance or resolution of a conflict between the panel opinion and precedent of this Court or of the Federal Circuit. The petition for rehearing in banc was denied.

REASONS FOR DENYING THE WRIT

The petition for a writ of certiorari should be denied. The Federal Circuit decision is not in conflict with the applicable decisions of this Court. No findings of fact were made by the Federal Circuit. The district court used a syllogism to conveniently organize and illustrate its conclusion on obviousness, a conclusion reached through an analysis based on this Court's decision in *Graham v. John Deere Co.*, 383 U.S. 1 (1966) and properly affirmed by the Federal Circuit. The district court treatment of ORC's patent application followed well established precedent of this Court and needed no correction by the Federal Circuit.

The Federal Circuit decision below gave full consideration to the issues now raised by Schering and decided them correctly. The prior art considered by the district court was analogous prior art properly combined in the determination of obviousness. Claims 1 and 2 of the Loshaek '676 patent are not limited to soft lenses and this limitation cannot be added by Schering to avoid invalidity. The level of ordinary skill used by the district

court in the determination of obviousness was fully supported by the record.

The issues raised by the petition for writ of certiorari are not sufficiently important to warrant this Court's attention. These issues, although important to the parties, are based upon facts peculiar to this case and not likely to reoccur. There is no public importance associated with the outcome of this case.

I. The Decisions Below Are Not In Conflict With The Applicable Decisions Of This Court

A. The Federal Circuit Did Not Engage In Its Own Fact Finding

Schering asserts that the Federal Circuit improperly made its own factual findings in stating " . . . a UV absorber leaching problem was known to exist for plastic lenses using 'unbound' nonpolymerized absorbers. . . ." This statement is consistent with the findings of the district court and the specific prior art considered by the district court in finding the claimed invention to be obvious.

It is stated in the district court opinion that:

> "It is well known that if the UV absorber is polymerized with the monomer suitable for making a lens, it is less likely (if at all) to leach out of the lens than is a UV absorber that is nonpolymerizable and thus is not chemically bound within the lens." [A17]

The district court made this finding based on the Fertig references that teach that there had been problems with unbound nonpolymerized absorbers leaching from plastic. Fertig states:

> "In the addition of stabilizing agents to plastic materials, problems such as incompatibility, migration, volatility, and/or solvent extraction of the additive frequently arise."
>
> "In recent years there has been increasing interest in the synthesis of ethylenically unsaturated ultraviolet absorbers which could be copolymerized, thereby permanently incorporation a stabilizing moiety into a polymer. This approach would minimize problems such as incompatibility, migration, volatility and solvent extraction."

Fertig notes the problem and teaches the solution as found by the district court. Thus, the statement of the Federal Circuit was an accurate summary of the findings made by the district court, which findings were fully supported by the record. The Federal Circuit is well aware of the scope of appellate review and the prohibition against substituting its findings for those of the trial court. See *Panduit Corp. v. Dennison Manufacturing Co.*, 475 U.S. 809, *on remand,* 810 F.2d 1561, 1565 (Fed.Cir. 1987).

B. The District Court's Obviousness Analysis Was In Accord With This Court's Precedent

A close review of the district court opinion will reveal that the district court followed the test for obviousness set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966) to the letter [A15-23]. The scope and content of the prior art were determined [A16-18]. The level of ordinary skill in the pertinent art was resolved [A19]. The differences between the prior art and the claims at issue was ascertained [A19-20]. Against this background, the obviousness or nonobviousness of the subject matter was

determined [A20]. In reaching its conclusion of obviousness, the district court used a syllogism as a convenient method of organizing and summarizing its determination. However, the syllogism arose out of the *Graham* analysis and did not replace it. Finally, such secondary considerations as were relevant were reviewed to give light to the circumstances surrounding the origin of the subject matter sought to be patented [A20-23].

The Federal Circuit decision affirming the district court's obviousness determination in no way sanctioned an improper test for obviousness. It properly validated an analysis fully in accord with this Court's precedent.

C. The District Court's Treatment Of ORC's Patent Application Followed Well Established Precedent

Schering would have this Court believe that the trial judge ignored the patent application filed by ORC as a secondary consideration by some sort of misapplication of this Court's decision in *Lear v. Adkins*, 395 U.S. 653 (1969).

The district court considered *Lear v. Adkins* in connection with the possibility of ORC being estopped to contest the validity of the claims of the Loshaek '676 patent.

The district court stated in its decision that:

> "If the only relevant considerations were the relationships between these two parties, I would be inclined to conclude that the defendant's conduct has estopped it to deny the validity of the plaintiff's patent. However, in *Lear v. Adkins*, 395 U.S. 653 (1960), the Court refused to allow such an estoppel to

> be imposed upon the licensee of a patent in an infringement action brought by the licensor. The reasoning of the opinion is clearly applicable to the present situation. [A22]

Thus, by applying the reasoning in *Lear v. Adkins*, the district court concluded that ORC was not estopped to contest the validity of Schering's patent just because ORC filed its own patent application. The district court clearly considered the secondary considerations, including ORC's patent application, in connection with the issue of obviousness.

Professor Chisum expresses the opinion that the "public policy favors challenges to the validity of patents, and no defendant in an infringement suit should be placed under a special handicap in raising the issue." 2 D. Chisum, *Chisum on Patents*, § 5.05[5] at 5-256 to 57 (1985). This Court, in holding that a defendant is not estopped from asserting the invalidity of a patent by virtue of its conduct in seeking to procure a patent for substantially the same invention, also recognized the public policy consideration expressed by Professor Chisum as follows:

> "[T]he defense of want of patentable invention in a patent operates not merely to exonerate the defendant, but to relieve the public from an asserted monopoly, and the court cannot be prevented from so declaring by the fact that the defendant had ineffectually sought to secure the monopoly for himself."

Haughey v. Lee, 151 U.S. 282, 285 (1894). *See also Paramount Publix Corp. v. American Tri-Ergon Corp.*, 294 U.S. 464, 477 (1935).

The Federal Circuit has also addressed itself to this issue. In *Medtronic, Inc. v. Cardiac Pacemakers, Inc.*, 721

F.2d 1563, 1582 (Fed.Cir. 1983), Chief Judge Markey stated:

> "Medtronic did not prove that CPI [the alleged infringer] knew of Witzke [a prior art reference] when it filed an application . . . on a device similar to that claimed in Walmsley [one of the patents in suit]. Further, if it be assumed that CPI once viewed an invention like Walmsley's nonobvious, that assumption could not foreclose a court from reaching a contrary conclusion in light of the entire record. [Bracketed material added.]

Not giving estoppel effect to a secondary consideration is not the same as ignoring that consideration. According weight to a secondary consideration in relation to all the facts as done by the district court is supported by this Court's decisions, prior decisions of the Federal Circuit and commentators.

II. The Decisions Below Gave Full Consideration To The Issues Raised By Schering and Decided Them Correctly

A. The Prior Act Combined Was Analogous Prior Art

Schering suggests that two lines of non-analogous prior art, one line relating to contact lenses having a UV absorber added and the other line relating to plastic articles with copolymerized UV absorbers added, were improperly combined in determining obviousness. In *Graham v. John Deere Co.*, 383 U.S. 1, 35 (1966), this Court concluded that prior art related to the problems confronting the inventor would be pertinent prior art. In the present case, Loshaek, a polymer chemist, was confronted

with the problems of adding a UV absorber to a contact lens and preventing the UV absorber from leaching from that lens. Surely, the Fertig references discussing the use of copolymerizable UV absorbers to prevent leaching were pertinent prior art.

B. Schering Cannot Add A "Soft Lens" Limitation to the Claims to Avoid Invalidity

Schering argues that the district court failed to consider the invention as a whole because the prior art considered by the district court would not have made it obvious to use a copolymerizable UV absorber in soft lenses, as opposed to the hard lenses specifically addressed by the prior art. However, the claims at issue are not limited to soft lenses, a fact apparently recognized by Schering. Thus, what Schering is actually attempting to do is add a "soft lens" limitation to its claims to avoid the invalidity determination. This Court has previously rejected such attempts. *See Graver Tank & Manufacturing Co. v. Linde Air Products Co.*, 336 U.S. 271, 277 (1949). No reason exists for overturning this well established precedent.

C. The District Court's Resolution Of the Level Of Ordinary Skill In The Pertinent Art Was Amply Supported By The Record

With regard to level of skill, the district court considered the level of skill and found that a person of ordinary skill in the art would have the training and skills of a polymer chemist.

The people involved in 1973, at the time of the filing of the prior application, in the design of plastic for use in contact lenses were scientists – specifically polymer chemists. Polymer chemists that were involved in 1972/1973 include Drs. Loshaek, Refojo, Gaylord, Hamm and Shen; all chemists, not medical doctors or ophthalmologists, with years of experience in plastics (polymers). Loshaek, Hamm and Shen were employees of Wesley Jessen Contact Lens Co. (Schering). Polymer chemists that were involved in the development of UV absorbing IOLs in the 1980-1982 time period, when Schering filed its C-I-P application and added IOLs to the specification and claims that became the Loshaek '676 patent, included Tom Posin and Donald Lawson, the chemists involved in developing the accused infringing product, i.e., ORC's UV IOL.

Thus, the district court evaluated obviousness using a level of skill amply supported by the record and not that of some "super scientist".

III. The Issues Raised By Schering Are Not Sufficiently Important To Warrant This Court's Attention

This Court does not sit for the benefit of the particular litigants, but rather only when there are special and important reasons therefor. *Rice v. Sioux City Memorial Park Cemetery*, 349 U.S. 70, 74 (1955). The phrase "special and important reasons" implies a reach to the problem beyond the academic or the episodic. *Id.* By Schering's own admission, the present case "is extremely unusual and unique." This certainly suggests that the present

case, while of great importance to the particular litigants, is peculiar to its facts and unlikely to reoccur.

Although Schering asserts that the decisions below are in conflict with this Court's precedent, no conflicts are actually present. Therefore, all that remains is yet another review of fact-bound determinations that will have no import beyond the parties to the case. In fact, a reversal of the Federal Circuit decision on obviousness may have no impact on the particular parties, depending upon the subsequent determinations made on infringement and the Loshaek '676 patent's entitlement to an earlier filing date that the Federal Circuit will then have to reach.

CONCLUSION

Schering's petition for a writ of certiorari should be denied. The decisions for which review is sought are not in conflict but rather in accord with the well established precedent of this Court. These decisions were also correctly decided. Finally, the issues raised by Schering, when properly evaluated, are not sufficiently important to warrant this Court's review.

Respectfully submitted,

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